

## **General Terms and Conditions of Purchasing**

### **1. General**

The following General Terms and Conditions of Purchasing apply to all purchasing orders between Schweizer Electronic (Jiangsu) Co., Ltd. and a supplier, unless stipulated otherwise in writing or specified in the orders. All modifications of and amendments to the Purchasing Terms stipulated below by deviating sales conditions of the Supplier shall be deemed to have been accepted only if they have been confirmed by us in writing in their entirety as an amendment to our General Terms and Conditions of Purchasing. The acceptance of deliveries or services or the payment thereof is not equivalent to an approval of the Supplier's sales conditions. Our General Terms and Conditions of Purchasing shall also be applicable if we accept the delivery without any reservations, although we are aware of the Supplier's conditions to the contrary or any conditions which deviate from our General Terms and Conditions.

### **2. Offers**

All offers shall be submitted in compliance with the details of our request. Discrepancies shall be expressly pointed out. Offers shall be submitted at no cost and shall not be binding upon us.

### **3. Purchase orders and confirmation of order**

All purchase orders and all modifications thereof shall be binding even if they have not been signed, provided that they are transmitted via facsimile or other electronic means. We may cancel a purchase order without being liable to cost if the Supplier has failed to confirm the order in writing within 14 days of the date of the purchase order (confirmation of order), unless the deliveries or services have been properly performed in the meantime.

### **4. Purchase orders for call orders**

If purchase orders are placed on call, the call needs to be confirmed in writing by us in order to be valid. If this confirmation is given via facsimile, it shall be binding even if it has not been signed.

### **5. Delivery date**

The agreed delivery date shall be binding. In order to be on schedule, a delivery has to arrive at the address of receipt specified by us. Any circumstances that jeopardize compliance with agreed delivery dates shall be communicated to us in writing without delay in order to coordinate further action. Our right to possibly rescind the contract or claim damages for non-performance shall not be affected. Acceptance of a late delivery without reservation does not represent a waiver of any rights which we are entitled to as a result of the delayed delivery. If the Supplier is in default, we shall be entitled, regardless of any other rights, to claim a lump-sum compensation for default at a rate of 1% of the total value of the order for each week of default or any part thereof, but no more than 5% of the total value of the

order. The Supplier shall be entitled to prove that we did not incur any damages, or suffered considerably lower damages, because of the default. In the event that we should be in default of acceptance or of the debtor, the Supplier's claim for reimbursement of expenses, which he has to evidence, shall be limited to 0.5% of the value of the delivery for each complete week of default, unless the default was caused intentionally or by gross negligence. Acts of God, labor disputes, operational disturbances not attributable to us, riots, government acts and other inevitable incidents of Force Majeure shall entitle us to rescind the contract, in whole or in part, if these incidents result in a major delay of the delivery date or a considerable reduction in demand on our part. Delivery time is from Monday to Friday 7.00 a.m. to 4 p.m., except for statutory holidays.

### **6. Samples, drawings, templates**

All process descriptions, drawings, samples, patterns, models, stencils, templates, tools and other means of production which we have made available to the Supplier shall remain our property and shall not be used, copied or released by the Supplier to third parties; the same applies to all drawings prepared by the Supplier according to our special specifications, etc. These items shall be returned to us at no charge and without a special request as soon as they are no longer needed for the performance of the purchase order. The Supplier shall handle all items made available to him carefully, maintain them in a useful condition and keep them insured against fire and theft. The Supplier shall have no right of retention concerning such items. The Supplier shall consider the purchase order and all works performed in connection therewith as confidential and treat them accordingly as a business secret. An infringement upon the obligations listed above shall entitle us to demand that these items should be released to us, regardless of the Supplier's liability for all damages arising therefrom.

### **7. Material provided by us**

All material provided by us shall remain our property and shall only be used in the performance of our purchase order. The Supplier shall reimburse us for all depreciation or loss. The material provided shall be processed or converted on behalf of us, and we shall become the direct owners of the processed or converted items. If this is not possible for any legal reason whatsoever, the parties hereto agree that we shall become joint owners of the products manufactured using our material in the proportion between the value of the material provided by us and the value of the entire products. The jointly owned items shall be kept by the Supplier at no cost.

### **8. Terms of payment, freight, postage**

Unless agreed otherwise, the prices shall be quoted free delivery to our factory in Jintan District, Changzhou, PR China. All costs for packaging, freight, insurance, drayage, postage and other transport charges shall be borne by the

Supplier. If prices are quoted ex works or ex warehouse of the Supplier, shipment shall be made at the lowest cost possible, unless we have specified a particular means of transport. Unless stipulated otherwise in the purchase order, we shall not assume the costs of insuring the goods, in particular, haulage insurance.

## **9. Environment and energy**

The supplier must provide an environmentally friendly and energy-saving production. The products and their packaging are to be adapted to the latest environmental requirements. Ingredients that are known to be hazardous to health or the environment should be excluded. The possibilities for recycling should be fully used and ensured. A certification according to ISO 14001 and ISO 50001 is desired.

## **10. Delivery note, shipping address**

Each consignment shall be accompanied by packing lists or delivery notes which shall contain the basic order data. Purchase order and item numbers should always be indicated. Deliveries shall be made to the shipping address indicated on the purchase order.

## **11. Invoices**

One copy of payment request and its original special value-added tax invoice with the corresponding amount shall be at the latest sent to us on the shipping date.

## **12. Claims based on defects, recourse**

12.1. Acceptance shall be subject to an inspection for defects and, in particular, for the correctness, completeness and suitability of the delivery. We shall be entitled to inspect the subject matter hereof within two years ("Period for Inspection") upon receipt of products; notice of defects shall be given immediately upon their discovery.

12.2. Our employees on site shall not be requested to sign any quality inspection documents. Any documents relevant to quality test signed by our employees on site shall not be deemed as quality approval to the products.

12.3. The legal provisions concerning material defects and defects in title shall be applicable unless stipulated otherwise below.

12.4. If the Supplier fails to start correcting a defect immediately after having received our request to correct any defects or it is under emergency situation, we shall be entitled to avoid acute dangers or major damages, to correct the defects ourselves or to have them corrected by third parties at the Supplier's expense. Claims for material defects shall be statute-barred after two years, unless the items have been used for a building in compliance with their intended purpose, and have thereby cause a defect of the building. The limitation period concerning claims for material defects shall begin upon delivery of the items sold (passing of risk).

12.5. In the event of defects in title, the Supplier

shall furthermore hold us harmless against all third-party claims, if any.

12.6. For any parts of the delivery that have been repaired or replaced after our claims for defects, the Period for Inspection mentioned in §12.1 shall be renewed on the day of repair or replacement.

12.7. The Supplier shall bear all costs incurred by us as a result of the defective delivery of the items purchased, in particular, transport, travel, labor, material expenses or costs for an inspection of incoming goods beyond the normal scope.

12.8. If we take back any products manufactured and/or sold by us because of defects of the items purchased from the Supplier, or if the purchase price was reduced or if any claims were asserted against any other way for this reason, we have the right to take recourse against the Supplier, without the need to specify a time limit which would otherwise have to be granted with respect to our rights concerning defects.

12.9. We shall be entitled to demand reimbursement of our expenses from the Supplier which we incurred in dealing with our customer because the latter is entitled to reimbursement by us of all expenses incurred in connection with subsequent performance, in particular, all transport, travel, labor and material cost.

12.10. Notwithstanding the provisions of subsections 12.4 and 12.5 hereof, incidents under subsections 12.8 and 12.9 shall not be time-limited before 2 months have elapsed since the date on which we satisfied all claims raised by our customers against us.

12.11. If a material defect is detected within 6 months of passing of risk, it will be assumed that the defect was already present upon passing of risk unless this assumption is incompatible with the nature of the item or the defect.

## **13. Product liability and recall**

The Supplier knows that our products are sold to automobile industry and other industries which need printed circuit boards and embedding PC products. In the event that claims are raised against us because of product liability, the Supplier shall hold us harmless against such claims, if and to the extent that the damage was caused by a defect in the item purchased from and delivered by the Supplier hereunder. In the event of liability based on default, however, this provision shall only be applicable if the Supplier is in default. The Supplier shall bear the burden of proof if the cause of the damage is within the Supplier's scope of responsibility. In such a case, the Supplier shall bear all costs and expenses, including the costs of legal pursuit or a recall. Furthermore, the provisions of the law shall be applicable. The Supplier hereby agrees to take out a product liability insurance providing reasonable coverage for damage to persons and to property and to provide evidence of such insurance on request.

## **14. Infringement of industrial property rights**

The Supplier warrants that no third-party rights were infringed upon in connection with his delivery. The Supplier expressly agrees that the products delivered by him may be distributed by us all over the world, even if they have been incorporated in or processed together with other products. If claims are raised against us by third parties because of an infringement of industrial property rights, the Supplier shall hold us harmless against such claims upon our first written request. Without the Supplier's consent, we shall not be entitled to enter into any type of agreement with such third parties, in particular, to agree to any type of settlement. The Supplier's obligation to hold us harmless refers to all expenses necessarily incurred by us or in connection with any claims raised by third parties. Our right to withdraw from the contract as well as the recourse to any other statutory claims, however, shall not be affected by the foregoing provision.

#### **15. Liability/further claims for damages**

The Supplier shall be liable without limitation towards us regardless of the type of violation of duties, especially under warranty, impossibility and tort, for each negligence and criminal intent. Limitations and exclusions of liability of any kind are herewith expressly contradicted.

#### **16. Passing of risk, place of performance**

The Supplier shall bear the material risk until receipt of the goods by us or by our agent in the place to which the goods are to be delivered pursuant to the order. The same applies to the possible acceptance of the goods. The place of performance is the place in which the goods are to be received or accepted pursuant to the order.

#### **17. Payment**

The price indicated on the purchase order shall be binding. For lack of deviating written agreements, the prices of deliveries and services shall be quoted free place of receipt, including packaging, but not including value-added tax. Payments shall be made within 30 days upon receipt of products with a 3% discount or within 90 days without any deductions. The discount shall be deducted from the final amount invoiced and shall also be admissible if we offset any claims or retain a reasonable amount of payments because of defects; in the event of retention for defects, the payment term shall commence upon the complete correction of the defects. Besides that, we shall have the right to offset claims or retain payments to the extent provided by law. The assignment of claims resulting from deliveries and services shall be subject to our written approval which may only be denied with cause, however.

#### **18. Trade secrets**

The Supplier is obliged to treat our orders and all commercial and technical details related to the orders as trade secrets and keep them confidential.

#### **19. Miscellaneous provisions**

19.1. These General Terms and Conditions of Purchasing and all legal and contractual relationships in connection with them shall be governed exclusively by the laws of the People's Republic of China, excluding the application of the United Nations Convention on Contracts for the International Sale of Goods (CISG).

19.2. Any disputes arising from or in connection with the purchase order or contract and the General Terms and Conditions of Purchasing shall be submitted to Shanghai International Arbitration Center for arbitration (SHIAC), and according to its Arbitration Rules then in force. The place of arbitration shall be Shanghai, PR China. The language of arbitration shall be English. The arbitral award shall be final and binding upon the Parties.

19.3. During the arbitration, the Parties are obliged to perform the duties arising from these General Terms and Conditions or the relevant contract, except for the provisions in dispute. All costs of arbitration (including but not limited to arbitration fees, costs of appraisal and legal fees and disbursements) shall be borne by the losing party, unless otherwise ruled by the arbitral tribunal.

19.4. In the event that any provision hereof or of the additional agreements made should be or become invalid, the validity of the General Terms and Conditions of Purchasing as a whole shall not be affected. The parties agree to replace an invalid provision with a valid one whose economic result is equivalent to that of the invalid provision.

19.5. These General Terms and Conditions are executed bilingually in English and Chinese. In case of any discrepancies between the two versions, the English version shall prevail.

Schweizer Electronic (Jiangsu) Co., Ltd.

Dated: 03.01.2018